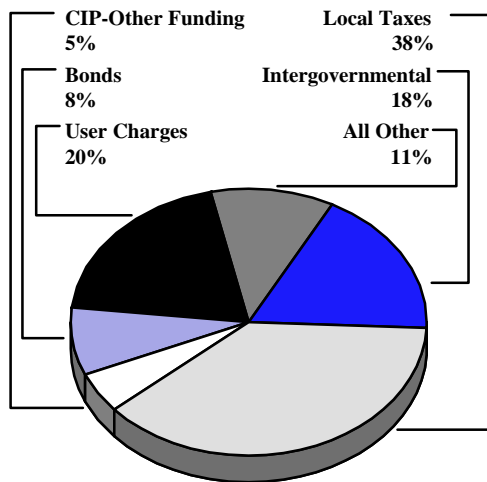
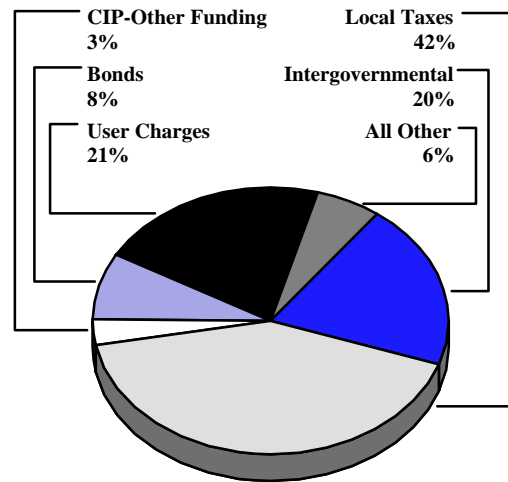


Total Revenue by Source



1999-00



2000-01

Where the Money Comes From

Revenue Source	1997-98 Actual	1998-99 Revised	1999-00 Budget	2000-01 Budget
Local Taxes				
Local Sales Taxes	\$57,283,547	\$60,100,000	\$62,506,500	\$64,701,300
Transit Tax	23,212,252	25,300,000	26,313,100	27,235,300
Other Local Taxes	16,615,600	17,893,363	19,344,043	21,044,620
User Charges				
Water/Wastewater	42,003,476	41,253,267	37,747,700	38,167,300
Refuse Services	9,258,108	9,376,680	9,298,500	9,337,500
Community Services	6,061,731	6,030,228	6,067,198	6,095,295
Building and Trades	3,559,730	2,498,382	2,692,681	2,712,681
Planning and	559,512	413,510	429,200	429,200
Irrigation	282,638	220,000	220,000	220,000
Intergovernmental				
State Shared Revenue	29,016,378	31,400,000	33,692,880	34,604,080
HURF/LTAF	10,704,045	10,950,000	11,127,700	11,309,100
CDBG/Section 8	6,758,931	7,738,149	7,559,997	7,559,997
All Other				
Miscellaneous Revenue	6,033,166	4,883,672	6,446,557	6,318,791
Interest Revenue	6,443,371	7,174,000	8,819,000	6,977,000
Fines and Forfeitures	3,636,208	3,856,034	4,440,045	4,683,022
Licenses and Permits	946,894	970,705	970,695	970,695
Bonds/Note Proceeds	43,500,000	29,000,000	24,000,000	22,000,000
CIP - Outside Revenues*	18,720,854	20,770,438	14,934,500	8,647,000
Other - Fund Balance	1,682,462	15,419,913	6,903,234	(2,938,338)
Total Revenue	\$286,278,903	\$295,248,341	\$283,513,530	\$270,074,543

* Includes Federal and State Grants and Residential Development Tax and Fees.



Restrictions	Fiscal Year	Amount ²	Percent Change
Current rate of 1.7% can be increased only by electorate.	1988-89	\$21,352,088	4.7
	1989-90	22,748,976	7.4
Proceeds are pledged as security for bond payments due under Municipal Property Corporation Agreements. One-half cent of each dollar collected must be allocated to transit purposes, pursuant to voter-approved proposition.	1990-91	23,277,096	6.5
	1991-92	24,093,274	2.3
	1992-93	26,465,874	3.5
	1993-94	33,859,498	9.8
	1994-95 ¹	49,632,044	46.6
	1995-96	48,488,111	(2.3)
	1996-97	50,495,336	4.1
	1997-98 (Est.)	55,000,000	8.9
Account: 4001	1998-99 (Est.)	56,602,200	2.9

¹ During 1995, Governmental Accounting Standards Board (GASB) Statement No. 22 required revenue from taxpayer-assessed taxes to be recognized in the accounting period in which they become susceptible to accrual. This resulted in 13 months being recorded in FY 94-95.

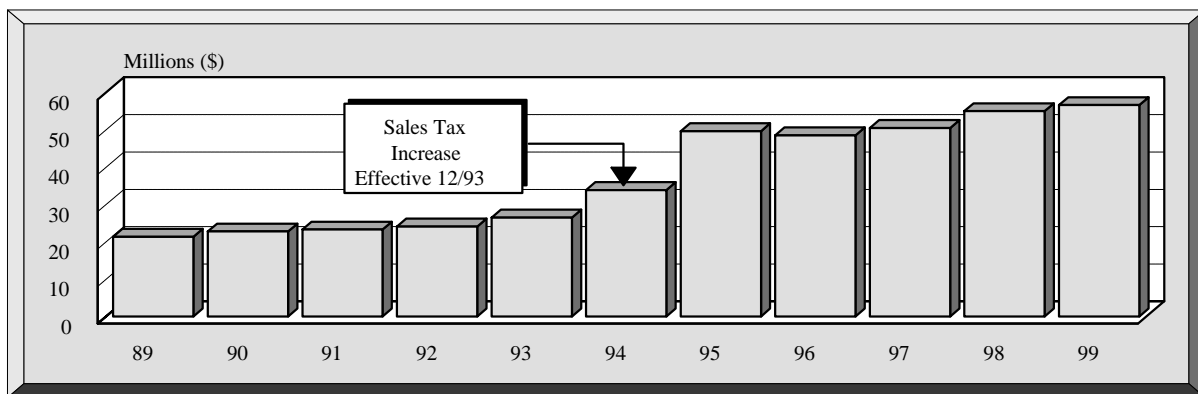
² Amounts do not include sales tax collections related to the transit tax portion of the total sales tax rate.

Assumptions

The City sales tax, known formally as the transaction privilege tax, is derived from a 1.7% tax on a variety of financial transactions, including retail sales, rental payments, contracting sales, utility and telecommunications payments, and hotel and restaurant sales. Much of the growth that occurred in this revenue in FY 1993-94 was the result of a voter-approved increase in the sales tax rate from 1.0% to 1.2%.

From its inception in 1965, the sales tax rate had remained at 1.0%. Although Tempe voters approved a 0.5% increase in September 1996, additional revenue resulting from this increase will be devoted to transit needs and is not reflected in the amounts above for FY 1996-97 through FY 1998-99. Our projection for 2.9% growth in FY 1998-99 reflects the expectation that although sales tax growth will remain steady, the rate of growth will decline as the economy enters into a period of predicted slower growth.

Major Influences: Retail Sales, Population; and Consumer Price Index





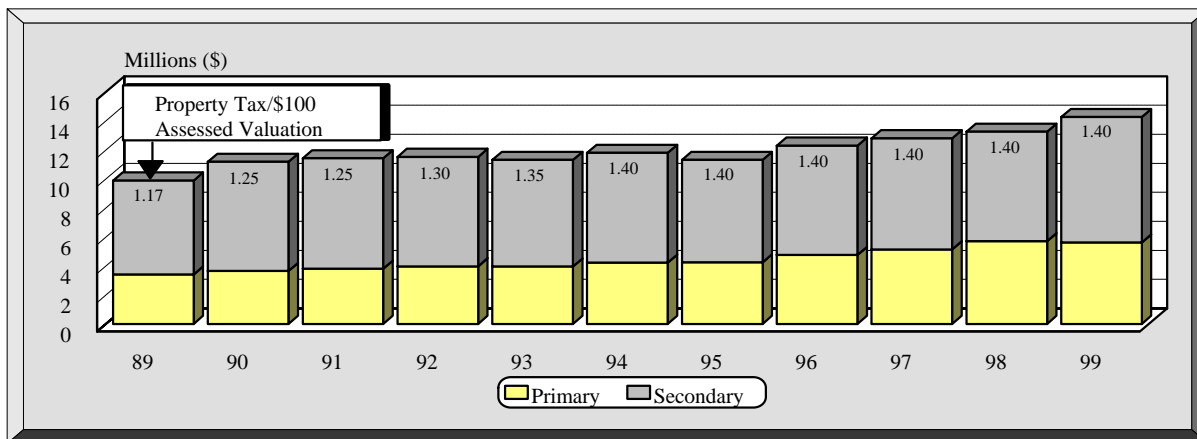
Restrictions	Fiscal Year	Amount	Percent Change
Primary Levy: Limited to annual increase of 2% plus amount generated by new construction. No restriction on usage.	1988-89	\$9,890,664	2.3
	1989-90	11,183,222	13.1
	1990-91	11,426,583	2.2
	1991-92	11,528,133	0.9
Secondary Levy: Restricted for debt service purposes only. No limit on rate.	1992-93	11,323,512	(1.8)
	1993-94	11,803,199	4.2
	1994-95	11,315,869	(4.1)
	1995-96	12,297,510	8.7
	1996-97	12,808,631	4.2
	1997-98 (Est.)	14,000,000	9.3
	1998-99 (Est.)	14,280,000	2.0
Account: 4012			

Assumptions:

The City's property tax is levied based on the full cash value of property from the previous January 1 as determined by the Maricopa County Assessor whose office both bills and collects all property taxes.

The combined primary and secondary property tax rate for FY 1998-99 will total \$1.40 per \$100 assessed valuation property tax, consisting of \$0.54 per \$100 of primary assessed valuation for operating and maintenance costs and \$0.86 per \$100 of secondary assessed valuation to fund principal and interest payments on bond indebtedness. This total rate represents the 5th year in which the City has held the aggregate property tax rate constant. Thus, changes in total revenue collected during these years have been the result of state policy affecting assessed valuations, assessed valuation growth, and new development. The sizeable level of growth seen in FY 1997-98 was the result of the state-imposed freeze on assessed valuation ending and the addition of new development to the tax rolls. Our forecast for FY 1998-99 calls for slower growth as assessed valuation determinations resume a normal pattern and valuation growth moderates.

Major Influences: Population/Development; Internal Policy (levy vs. rate); Assessor Appraisal Methodology; State Policy



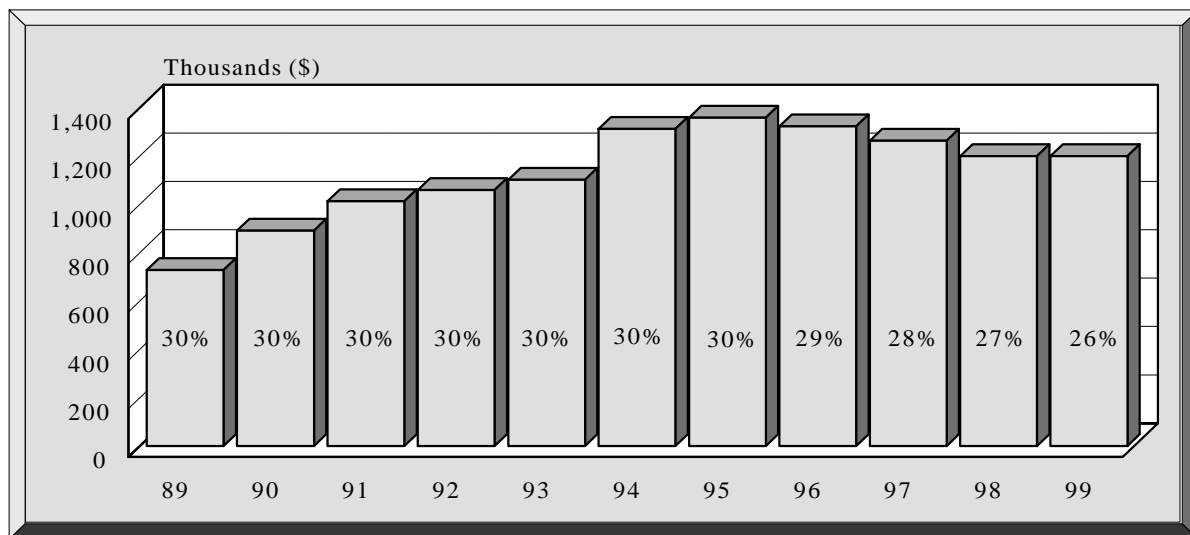


Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1988-89	\$728,270	9.3
	1989-90	891,203	22.4
	1990-91	1,013,023	13.7
	1991-92	1,059,625	4.6
	1992-93	1,101,364	3.9
	1993-94	1,311,706	19.1
	1994-95	1,357,799	3.5
	1995-96	1,322,950	(2.6)
	1996-97	1,263,705	(4.5)
	1997-98 (Est.)	1,199,400	(5.1)
	1998-99 (Est.)	1,199,400	0.0
Account: 4015			

Assumptions

As a government-operated public utility, the Salt River Project pays no franchise or property taxes. In lieu of these taxes, an amount is received from the utility based on a computation involving property location and plant investment. Proceeds from this revenue source are received through Maricopa County in June and December. No increase is projected for this fiscal year as the assessment ratio of utilities will be reduced from 30% to 25% by FY 1999-00.

Major Influences: Real Property; State Policy (assessment ratio)



Percents in graph represent the assessment ratio on SRP real property.

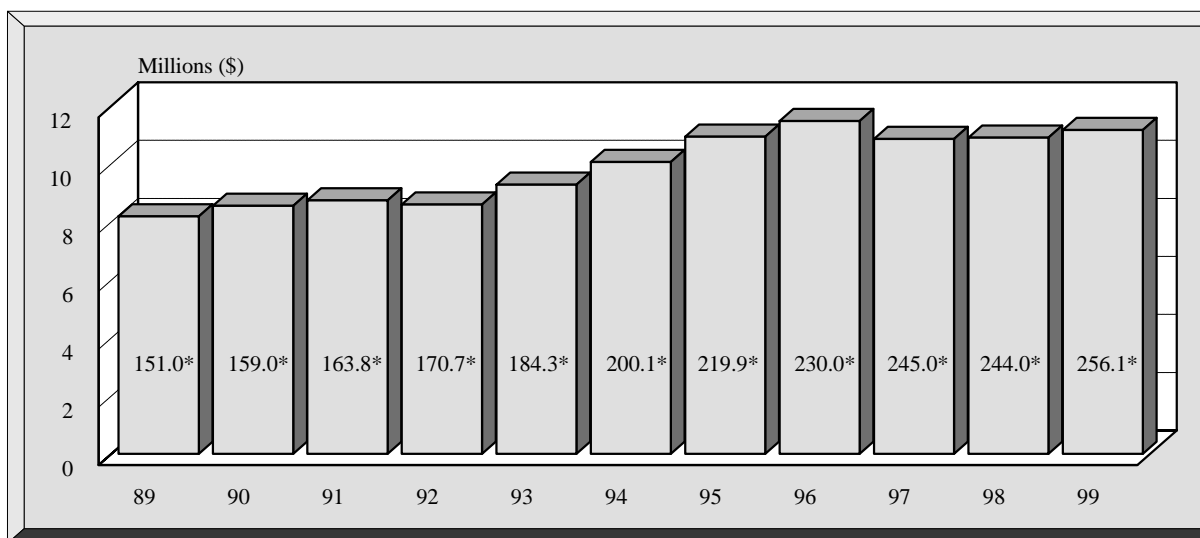


Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments under Municipal Property Corporation agreements. Excess proceeds are restricted to usage.	1988-89	\$8,189,307	9.5
	1989-90	8,554,621	4.5
	1990-91	8,736,387	2.1
	1991-92	8,597,264	(1.6)
	1992-93	9,280,399	7.9
	1993-94	10,062,083	8.4
	1994-95	10,937,688	8.7
	1995-96	11,474,380	4.9
	1996-97	10,857,058	(5.4)
	1997-98 (Est.)	10,900,000	0.3
	1998-99 (est.)	11,172,500	2.5
Account: 4204			

Assumptions

The state assesses a 5% sales tax, of which 2% is designated for educational purposes and 1% deposited in the State general fund. From the remaining 2%, cities and towns share in 25% of the collections total (estimated at \$256.1 million for FY 1998-99) on the basis of their population to total state population. Distributions beginning in FY 1996-97 are based on the 1995 Special Census. Prior to 1995, Tempe accounted for 5% of the state's population (state-shared revenue distributions until FY 1995-96 were based on the 1990 census), but with the 1995 Special Census, Tempe's share fell to 4.5%. This reduction explains much of the decline in Tempe's state-shared sales tax revenue from a high of \$11.5 million in FY 1995-96. Although the strength of the state's economy has since offset the effect of the Special Census in the short term, we expect the results of the 2000 Census to again reduce our state-shared revenues.

Major Influences: Retail Sales; Population (relative to State); and State Policy



* Total State Shared Sales Tax Revenue Pool (Cities/Towns - \$millions)

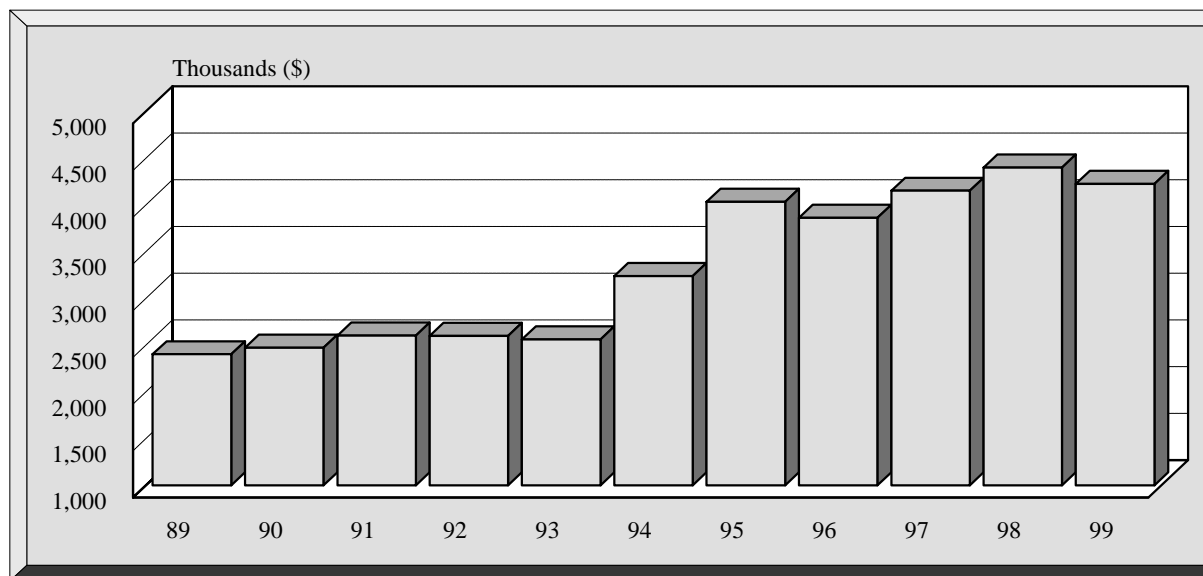


Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage. Must be expended for public purpose. Account: 4214	1988-89	\$2,401,898	9.2
	1989-90	2,473,372	3.0
	1990-91	2,603,018	5.2
	1991-92	2,599,146	(0.1)
	1992-93	2,560,309	(1.5)
	1993-94	3,238,166	26.5
	1994-95	4,031,788	24.5
	1995-96	3,863,003	(4.2)
	1996-97	4,150,865	7.5
	1997-98 (Est.)	4,400,000	6.0
	1998-99 (Est.)	4,224,900	(4.0)

Assumptions

Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county. The respective shares are determined by the proportion of population to total incorporated population of the county. The remainder of the revenues collected are shared by schools, counties, and the state. A 4% decrease is anticipated in FY 1998-99, primarily the result of reduced distributions by the county administration to recoup overpayments made to all municipalities in Maricopa County during a 3 year period from 1992 to 1995. Distributions to Tempe will be reduced by \$219,000 per year through FY 2000-01 to fully recover the County's overpayments.

Major Influences: Population (relative to State); State Policy and Auto Sales





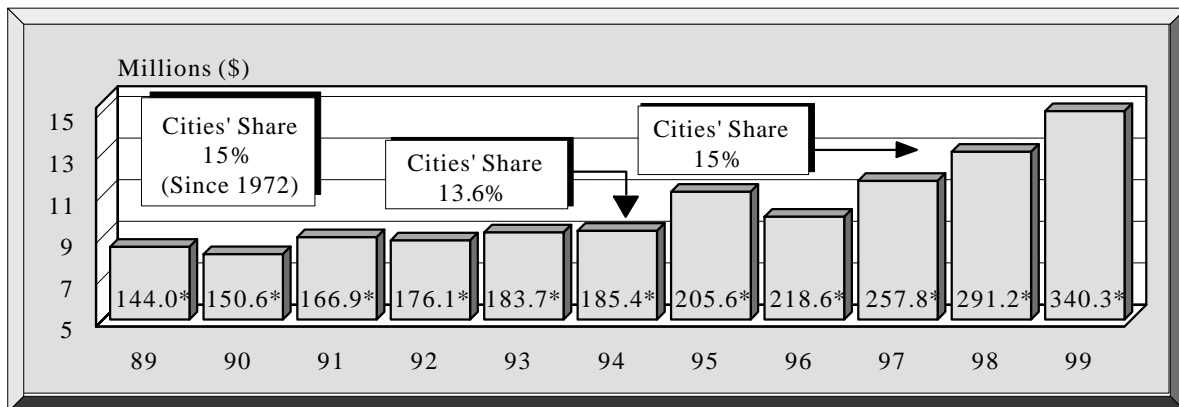
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments due under Municipal Property Corporation agreements. Excess proceeds are unrestricted as to usage.	1988-89	\$8,493,513	18.6
	1989-90	8,128,671	(4.3)
	1990-91	8,952,961	10.1
	1991-92	8,790,598	(1.8)
	1992-93	9,175,251	4.4
	1993-94	9,256,278	0.9
	1994-95 ¹	11,139,519	20.3
	1995-96	9,939,946	(10.8)
	1996-97	11,646,558	17.2
	1997-98 (Est.)	13,050,000	12.1
Account: 4208	1998-99 (Est.)	15,000,000	14.9

¹ During 1995, Governmental Accounting Standards Board (GASB) Statement No. 22 required revenue from taxpayer-assessed taxes to be recognized in the accounting period in which they become susceptible to accrual. This resulted in 13 months being recorded in FY 94-95.

Assumptions

The right to levy income taxes in Arizona is a state responsibility. Arizona cities and towns were entitled to receive 15% of the State's income tax collections until 1992/93 when the percentage dropped to 13.6%. With the recent personal income tax cuts, the percentage share to be distributed to cities and towns increased once again to 15%, holding cities harmless. This state-shared revenue is distributed to cities or towns based on the relation of their population to the total population of all incorporated cities and towns in the state. Amounts distributed are based on actual income tax collections from two years prior to the fiscal year in which the City receives the funds. A 14.9% increase is projected for this fiscal year, reflective of the continuing economic expansion and strong personal and corporate income growth, particularly in Maricopa County.

Major Influences: Personal Income (current \$); Corporate Net Profits; Population (relative to State); and State Policy



* Total State-Shared Income Tax Revenue Pool (Cities/Towns - \$millions)



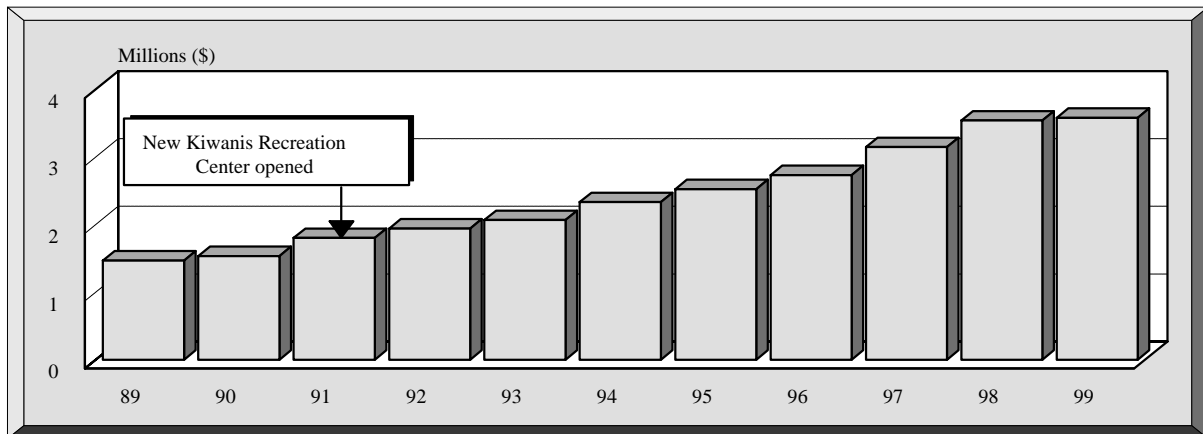
Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage, but intended to defray costs of recreation and social service programs.	1988-89	\$1,467,790	37.6
	1989-90	1,534,708	4.6
	1990-91	1,802,748	17.5
	1991-92	1,941,718	7.7
	1992-93	2,066,438	6.4
	1993-94	2,333,299	12.9
	1994-95	2,524,369	8.2
	1995-96	2,732,022	8.2
	1996-97	3,145,907	15.1
	1997-98 (Est.)	3,540,000	12.5
Accounts: 4301-4315	1998-99 (Est.)	3,581,800	1.2

Assumptions

Revenue in this category is derived from a wide array of recreational activities (such as softball, swimming, and tennis) and social services programs (such as counseling services and after-school programs). By Council policy, many of these activities and services are partially or fully-funded through user charges. Fees are based on a targeted percentage for cost recovery of direct program operating costs, including wages and supply costs but excluding facility costs, administration, and capital outlay. The percentage of recovery of direct program costs is by classification of user groups as follows: adult programs, 100% cost recovery; youth programs and senior programs, 50% cost recovery; and all Kiwanis Recreation Center classes/programs, 100% cost recovery.

Most of the additional revenue generated in FY 1996-97 and FY 1997-98 was related to the expansion of social service programs, especially Kid Zone and Teen Zone, which operate under the 100% cost recovery policy. Over the longer term, we expect recreational and social services revenues to grow at a rate generally equivalent to the expected rate of the City's population growth (1.2% in FY 1998-99).

Major Influences: Population; Internal Policy; and Program Development



Charges for Services/Development Related

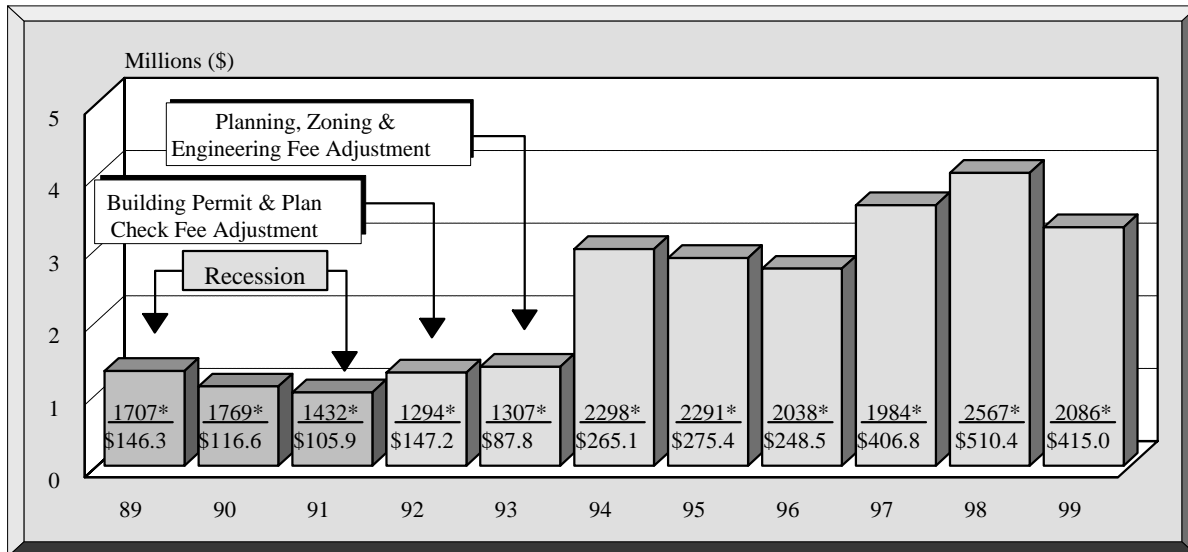


Restrictions	Fiscal Year	Amount	Percent Change
Proceeds are pledged as security for bond payments due under the Municipal Property Corporation Agreements. Excess proceeds are unrestricted as to usage.	1988-89	\$1,303,210	(27.4)
	1989-90	1,089,851	(16.4)
	1990-91	1,008,866	(7.4)
	1991-92	1,280,517	27.0
	1992-93	1,361,825	6.3
	1993-94	2,980,551	118.9
	1994-95	2,860,656	(4.0)
	1995-96	2,711,393	(5.2)
	1996-97	3,586,390	32.3
	1997-98 (Est.)	4,032,013	12.4
Accounts: 4102-4112 (Building and Trade Permits) 4401-4405, 4411-4413 (Engineering Fees) 4406-4410, 4414-4418 (Planning & Zoning)	1998-99 (Est.)	3,280,368	(18.7)

Assumptions

Declines in development related permit revenues in the late 80's and early 90's were largely a function of slower population growth, more stringent Tax Reform Act of 1986, and a downturn in both the economy and development. A new building permit and plan check fee structure was implemented in August 1991, while planning, zoning, and engineering fees were revised in FY 92-93. The substantially increased development activity of the last two years is reflective of the resurgence of construction activity witnessed throughout Maricopa County. Permit levels have been sustained in Tempe by growth in the I-10/Elliot corridor and by the new Arizona Mills Mall. Permit volume should slow in FY 1998-99 as these and other areas of Tempe become fully developed.

Major Influences: Population; Tax Laws; Economy; and Development



* Number of Building Permits/Valuation (\$ Millions)

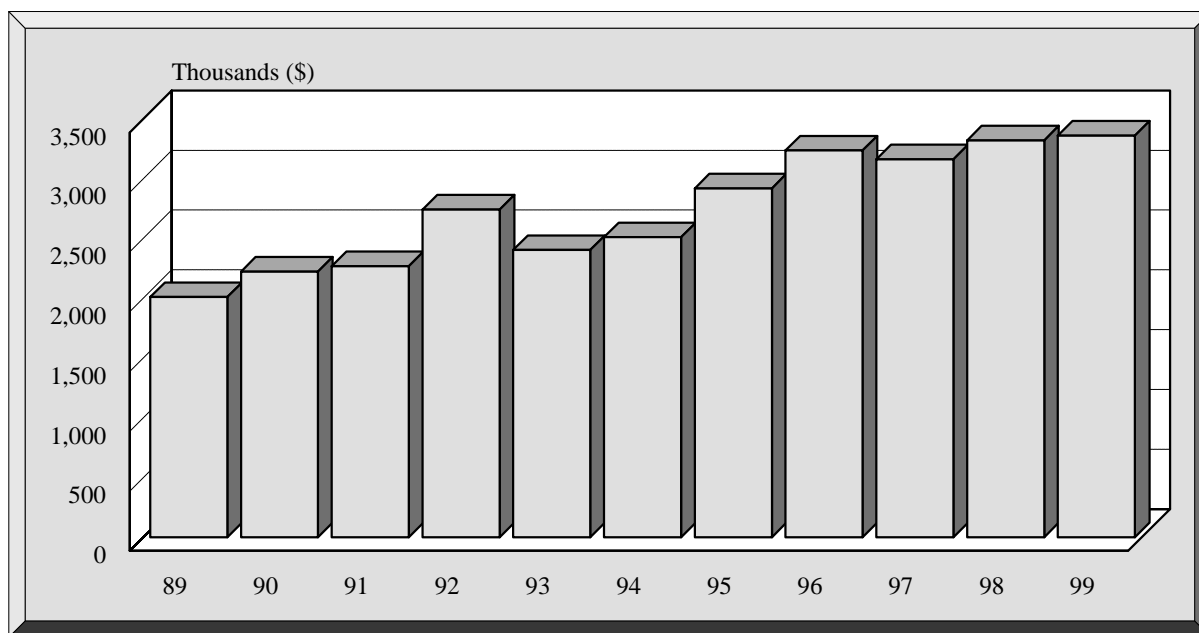


Restrictions	Fiscal Year	Amount	Percent Change
No restrictions on usage.	1988-89	\$2,009,335	4.8
	1989-90	2,222,154	10.6
	1990-91	2,267,518	2.0
	1991-92	2,740,206	20.8
	1992-93	2,402,640	(12.3)
	1993-94	2,509,835	4.5
	1994-95	2,918,357	16.3
	1995-96	3,234,571	10.8
	1996-97	3,162,253	(2.3)
	1997-98 (Est.)	3,320,000	5.0
Accounts: 4601-4609, 4612-4625	1998-99 (Est.)	3,359,300	1.2

Assumptions

The fines and forfeitures revenues to the City derive from fines related to parking, traffic, criminal, animal control, defensive driving school, adult diversion, domestic violence, and false alarms, plus revenues from public defender reimbursements, forfeitures, and boot fees.

Major Influences: Population (Demographics), Crime Rate and Internal Policy (Enforcement, Number of Police Officers)





Restrictions

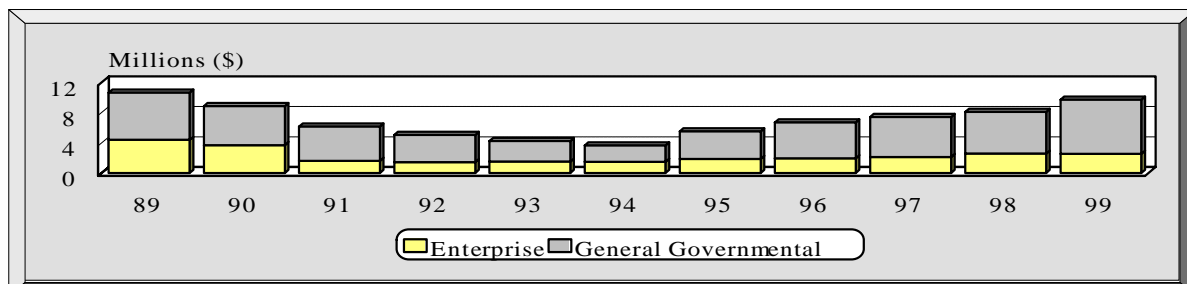
No restrictions on usage.

Fiscal Year	Enterprise Funds		General Governmental	
	Amount	Percent Change	Amount	Percent Change
1988-89	\$4,385,029	17.6	\$6,267,012	(6.3)
1989-90	3,712,098	(15.4)	5,158,083	(17.7)
1990-91	1,600,055	(56.9)	4,549,853	(11.8)
1991-92	1,445,542	(9.7)	3,591,619	(21.1)
1992-93	1,508,623	4.4	2,722,322	(24.2)
1993-94	1,487,856	(1.4)	2,147,608	(21.1)
1994-95	1,854,923	24.7	3,644,455	69.7
1995-96	1,945,695	4.9	4,750,313	30.3
1996-97	2,111,981	8.5	5,296,770	11.5
1997-98 (Est.)	2,569,000	21.6	5,520,000	4.2
1998-99 (Est.)	2,560,000	(0.4)	7,154,700	29.6
Accounts: 4851, 4852				

Assumptions

Interest earnings are derived from the investment of temporarily idle cash. The City's investment policy authorizes investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Revenues are influenced by the amount of temporarily idle cash on hand, prevailing short-term interest rates, and the scope and timing of the City's bond issues. Expenditure controls and rate adjustments in the Enterprise Funds, particularly the Water/Wastewater Fund have produced higher cash balances and resulting greater interest income recently. Revenue growth resulting from the strong economy has bolstered cash balances in the General Fund as well, although the substantial increase in FY 1998-99 is due largely to the accumulation of cash balances in the new Transit Fund. Balances in the Transit Fund will decline substantially, though, as the City begins planned bus purchases. Balances in other funds will decline as well as the City continues its policy of utilizing these balances for "pay-as-you-go" capital financing in place of debt financing.

Major Influences: Cash Balances, Short-Term Government Interest Rates and Bond Sales





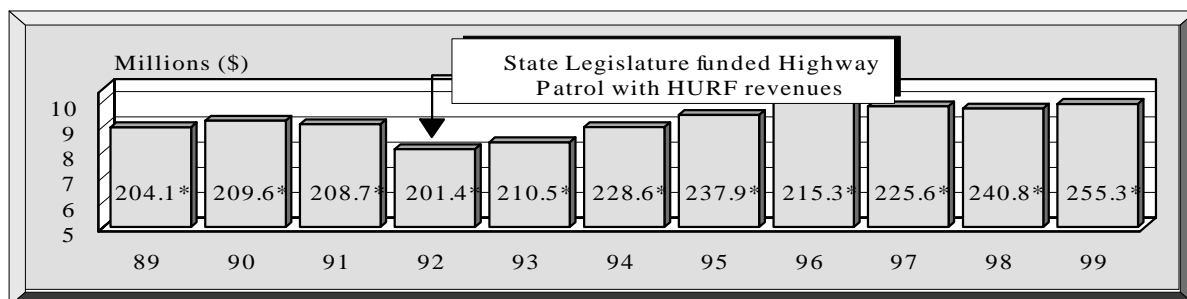
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway purposes including right-of-way acquisition, construction, reconstruction, maintenance, and payment of debt service on highway and street bonds.	1988-89	\$8,956,809	2.9
	1989-90	9,215,162	2.9
	1990-91	9,081,689	(1.4)
	1991-92	8,086,305	(11.0)
	1992-93	8,361,432	3.4
	1993-94	8,965,553	7.2
	1994-95	9,449,774	5.4
	1995-96	10,238,951	8.4
	1996-97	9,788,235	(4.4)
	1997-98 (Est.)	9,700,000	(1.0)
Account: 4206	1998-99 (Est.)	9,884,300	1.9

Assumptions

Highway User Revenue Fund (HURF) revenues are comprised primarily of a share of the state-imposed tax on fuel (18 cents per gallon), but also includes a portion of vehicle license taxes and other motor carrier permits and fees. Of the statewide total HURF revenues, 27.5% is distributed to cities and towns. Of this amount, one-half is distributed based on each city or town's percentage share of the statewide total population of all incorporated cities and towns. The remaining one-half is divided into county pools based on each county's share of statewide fuel sales. Within each county, cities and towns receive an allocation based on their percentage share of total incorporated population in the county.

The sudden drop in FY 1991-92 was the result of an action by the state Legislature to fund a portion of the state Highway Patrol from HURF revenue, thereby lowering the pool of funds available for distribution to cities and towns. Continued reductions in FY 1996-97 and FY 1997-98 were the result of Tempe's declining share of statewide and county population. Current HURF allocations are based on the 1995 Special Census, which placed Tempe at 4.5% of the state's population, down from our 5% share which resulted from the 1990 Census. In the short-term, we expect our HURF revenues to increase at the historical rate, although the Year 2000 Census should produce further reduced distributions as other cities in the state grow at faster rates than Tempe.

Major Influences: Population; State Policy; Economy; and Gasoline Sales



* Total State Shared Highway User Tax Revenue Pool (Cities/Towns - \$millions)



(State-Shared Lottery Funds)

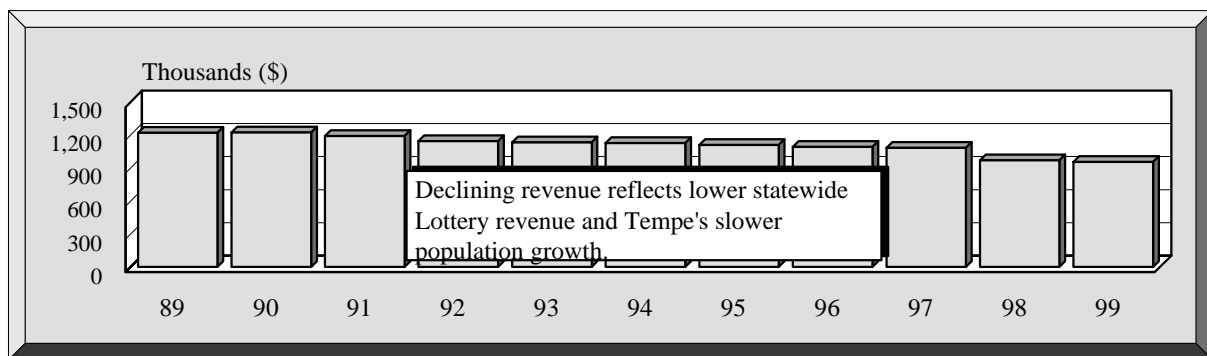
Restrictions	Fiscal Year	Amount	Percent Change
Proceeds can be used only for street and highway projects, for any construction or reconstruction in the public right-of-way as well as transit programs.	1988-89	\$1,217,680	(0.6)
	1989-90	1,220,215	0.2
	1990-91	1,187,613	(2.7)
	1991-92	1,142,115	(3.8)
	1992-93	1,130,372	(1.0)
	1993-94	1,123,762	(0.6)
	1994-95	1,107,750	(1.4)
	1995-96	1,089,151	(1.7)
	1996-97	1,081,122	(0.7)
	1997-98 (Est.)	965,900	(10.7)
	1998-99 (Est.)	953,300	(1.3)
Account: 4212			

Assumptions

Revenues are derived from the state lottery game and the multi-state Powerball lottery game. By state statute, the state must distribute at least \$20.5 million annually to cities and towns from state lottery revenues, up to a maximum total distribution pool of \$23 million. Amounts distributed to cities and towns are based on their percentage share of statewide population as determined and updated annually by the state Department of Economic Security. Revenues derived from Powerball may be received only after the state first collects \$21 million from Powerball sales. If this threshold is reached, the state will distribute up to a total of \$18 million from Powerball revenues, dividing the pool into amounts based on each county's share of lottery ticket sales. Amounts from these county pools distributed to cities and towns are based on each city or town's share of incorporated population in the county.

Continued reductions in lottery revenues over the past 10 years reflect the overall declines in the total amount of funds available statewide for distribution. State lottery sales continue to suffer since the introduction of Powerball and casino-style gaming on Native American Reservations. Further exacerbating problems in this revenue is Tempe's declining share of statewide population.

Major Influences: Population (relative to State); Lottery Ticket Sales



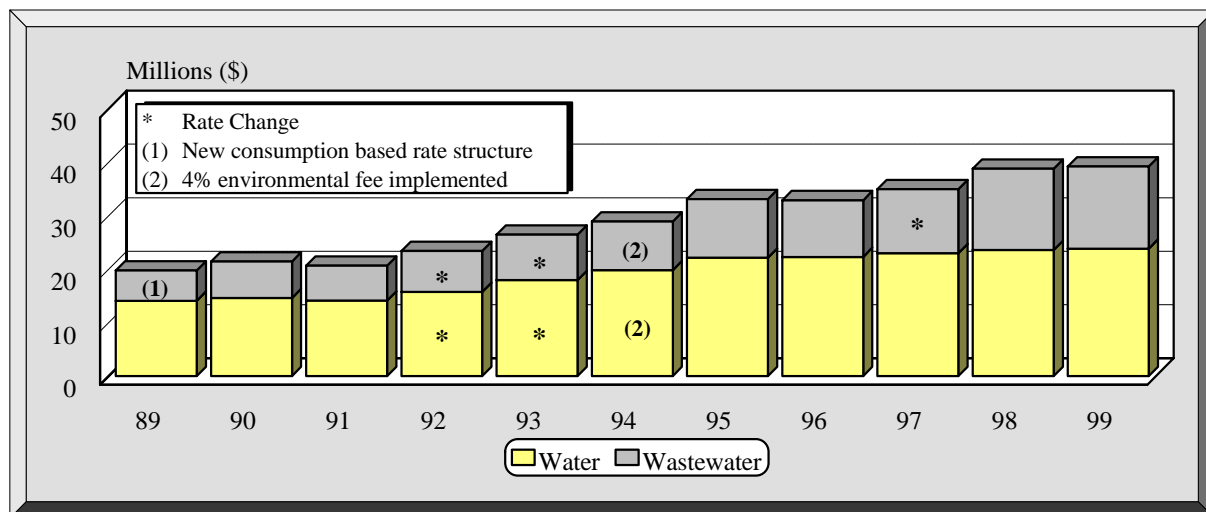


Restrictions	Fiscal Year	Amount	Percent Change
Water/Wastewater is a self-supporting, enterprise operation.	1988-89	\$19,764,400	(3.1)
	1989-90	21,434,447	8.4
	1990-91	20,662,305	(3.6)
	1991-92	23,399,067	13.2
	1992-93	26,434,331	13.0
	1993-94	28,913,908	9.4
	1994-95	33,107,522	14.5
	1995-96	32,895,352	(0.6)
	1996-97	34,979,993	6.3
	1997-98 (Est.)	38,760,000	10.8
	1998-99 (Est.)	39,215,100	1.2
Accounts: 4282, 4284, 4821-4831, 4834-4842			

Assumptions

Water/Wastewater revenues are derived from fees and service charges assessed to residential and commercial customers of the City's water and wastewater systems. Revenues also include charges to the City's residential irrigation customers. As the graph below depicts, water and sewer rate and fee adjustments were made over three consecutive fiscal years (FY 91-92 to FY 93-94) to address increased costs resulting from inflation, debt service on capital projects, the operational impact of the South Tempe Water Reclamation Plant, and environmental regulation compliance. In FY 1996-97, irrigation rates were increased by 5%, while sewer rates for residential customers increased an average of 6%. Sewer rates for commercial and industrial customers increased as well in accordance with a new rate structure based on strength and volume of discharge. This latest sewer rate increase represented the first year of a planned three year phased-in rate increase to bring the wastewater operation into full cost recovery.

Major Influences: Population; Internal Policy; Water Consumption Patterns; and Weather



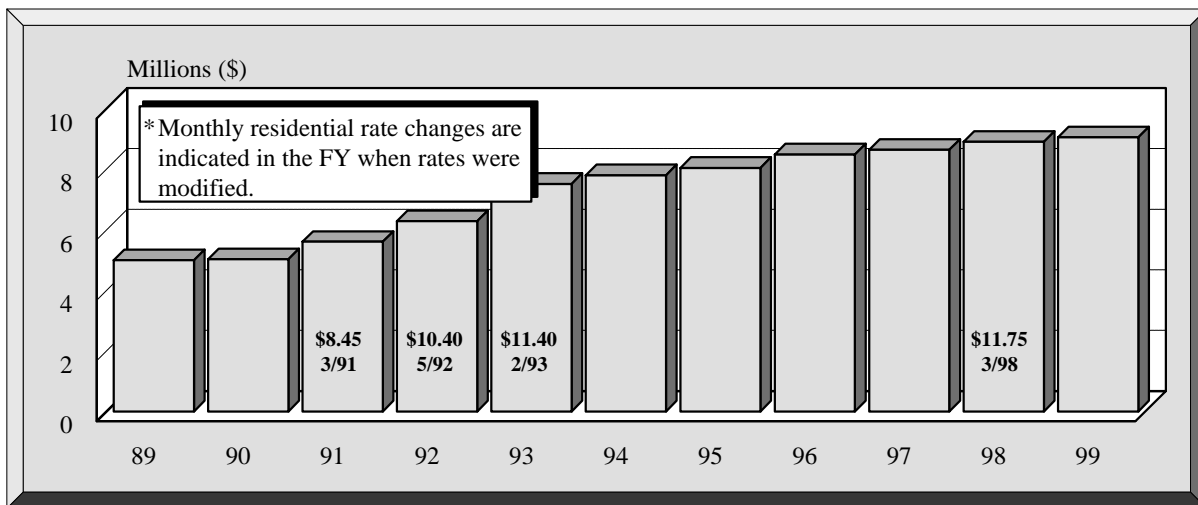


Restrictions	Fiscal Year	Amount	Percent Change
Used to defray costs of providing solid waste collection and disposal service. Any operating deficits are covered by the General Fund from unrestricted revenue.	1988-89	\$4,988,491	2.3
	1989-90	5,021,321	0.7
	1990-91	5,600,606	11.5
	1991-92	6,277,014	12.1
	1992-93	7,512,296	19.7
	1993-94	7,798,631	3.8
	1994-95	8,038,917	3.1
	1995-96	8,484,046	5.5
	1996-97	8,636,576	1.8
	1997-98 (Est.)	8,905,000	3.1
Accounts: 4251-4254	1998-99 (Est.)	9,047,800	1.6

Assumptions

The collection and disposal of solid waste constitutes the City's second largest enterprise operation. Revenues derive from user fees for residential, commercial, roll-off, and uncontained solid waste services. As the graph below indicates, residential solid waste fees were increased three times starting in FY 1991-92 to address increased landfill and recycling costs. Most recently, residential rates were increased in January 1998 by 3% to address projected shortfalls in the Sanitation Fund. Solid waste fees are reviewed annually to determine if the fee structure will generate sufficient revenue to cover fund operating expenses and provide a reserve for capital expenditures and contingencies. As the City approaches build-out (Tempe is a landlocked city), Sanitation revenue growth should slow to a level approximating projected population growth, aside from any further rate adjustments.

Major Influences: Population, Internal Policy and Commercial Market/Competition





Restrictions

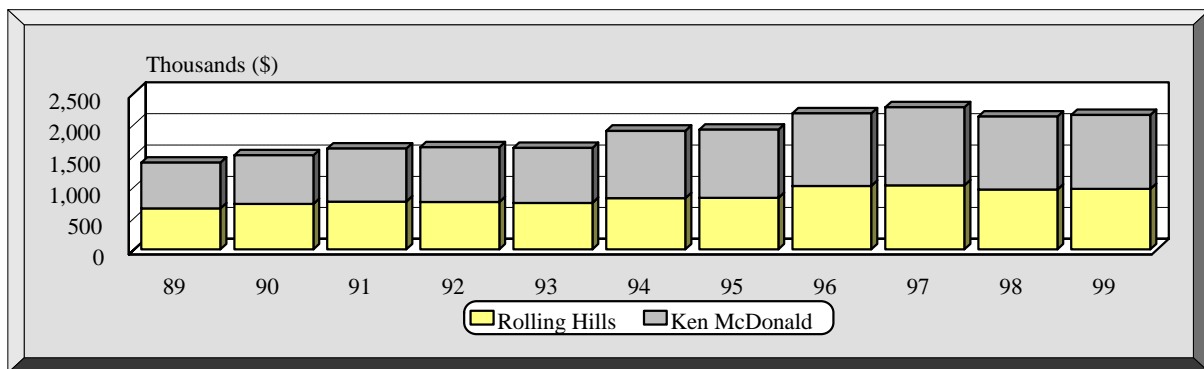
Revenues are used to defray costs of operating the Rolling Hills and Ken McDonald golf courses.

Fiscal Year	Rolling Hills		Ken McDonald	
	Amount	Percent Change	Amount	Percent Change
1988-89	\$657,188	21.9	\$727,503	3.0
1989-90	724,640	10.3	779,178	7.1
1990-91	765,219	5.6	846,878	8.7
1991-92	755,110	(1.3)	875,962	3.4
1992-93	744,171	(1.4)	879,451	0.4
1993-94	818,018	9.9	1,076,361	22.4
1994-95	824,968	0.8	1,086,521	0.9
1995-96	1,016,217	23.2	1,156,946	6.5
1996-97	1,051,586	3.5	1,294,228	11.9
1997-98 (Est.)	983,921	(6.4)	1,191,079	(8.0)
1998-99 (Est.)	995,592	1.2	1,205,708	1.2
Accounts: 4301, 4311				

Assumptions

Revenues from greens fees account for nearly 91% of golf course revenues, with the rest coming from lease agreements with the pro shops and restaurant concessionaires. Fees are reviewed annually to ensure that revenues will fully cover the cost of Golf Fund operations while providing a sufficient reserve to address capital funding needs. The most recent Council action on fees occurred in October 1996 in which non-resident fees were increased by \$1 per nine holes of play. FY 1997-98 revenues fell from the prior year as weather conditions reduced rounds of play. Over the long-term, we project that Golf Fund revenue growth will follow the trend in the City's population growth.

Major Influences: Internal Policy; and Supply of Golf Courses



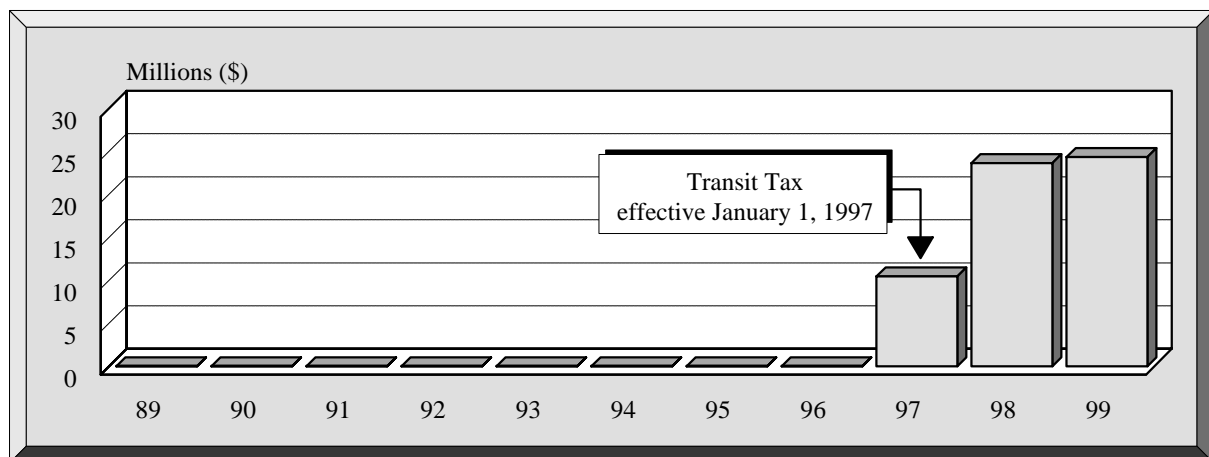


Restrictions	Fiscal Year	Amount	Percent Change
Represents a portion of the City sales tax dedicated by public vote to transit-related purposes, such as bus acquisition and maintenance, connecting bus routes to neighboring cities, bus stop construction, and transit planning.	1996-97	\$10,429,431	-
	1997-98 (Est.)	23,600,000	126.3
	1998-99 (Est.)	24,308,000	3.0
Accounts: 4004			

Assumptions

The Transit Tax represents ½ cent of the 1.7% City sales tax. The amount for transit was approved by Tempe voters in September 1996. The additional tax became effective January 1, 1997, thus the revenue for FY 1996-97 reflects collections over the last half of the fiscal year. The estimate for FY 1998-99 is consistent with our estimate for overall City sales tax growth of 3.0%.

Major Influences: Retail Sales; Population; and Consumer Price Index




Restrictions

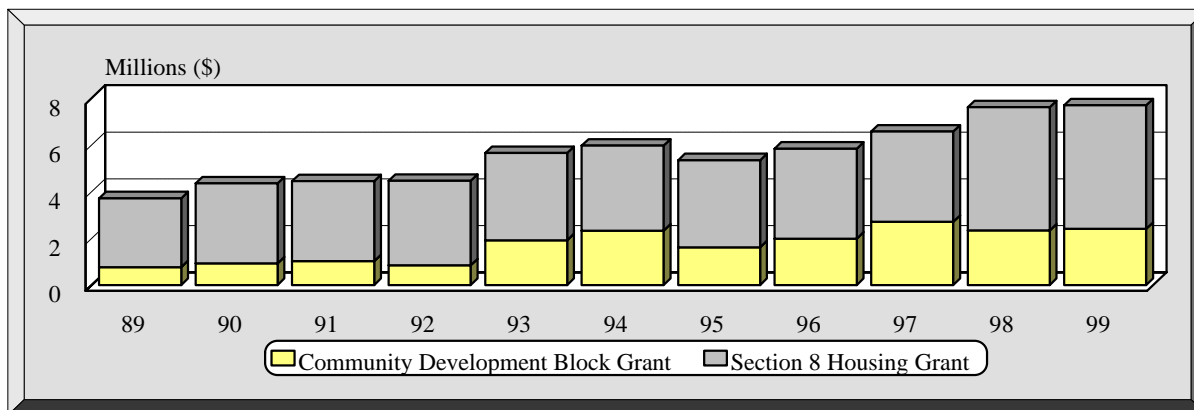
Community Development Block Grant (CDBG) funds are awarded by the federal government and may be used only for the rehabilitation of owner-occupied housing and the removal of "slum and blight". Section 8 Housing Grants, also federal funds, may be used only for rent and utility subsidies for low income persons.

Fiscal Year	Community Development Block Grant		Section 8 Housing Grant	
	Amount	Percent Change	Amount	Percent Change
1988-89	\$761,200	5.4	\$2,944,519	17.2
1989-90	919,828	20.8	3,419,733	16.1
1990-91	1,020,608	11.0	3,416,128	(0.1)
1991-92	837,054	(18.0)	3,613,422	5.8
1992-93	1,912,124	128.4	3,725,246	3.1
1993-94	2,325,740	21.6	3,630,121	(2.6)
1994-95	1,610,050	(30.8)	3,719,248	2.5
1995-96	1,980,305	23.0	3,846,066	3.4
1996-97	2,700,015	36.3	3,861,578	0.4
1997-98 (Est.)	2,328,515	(13.8)	5,272,504	36.5
1998-99 (Est.)	2,399,237	3.0	5,279,209	0.1
Account: 4202				

Assumptions

Funding levels in both programs are based on a federal formula which reflects local factors such as the percentage of people living in poverty, unemployment, population, the age of existing housing, and the need for housing.

Major Influences: Federal Policy; Poverty Levels; Population





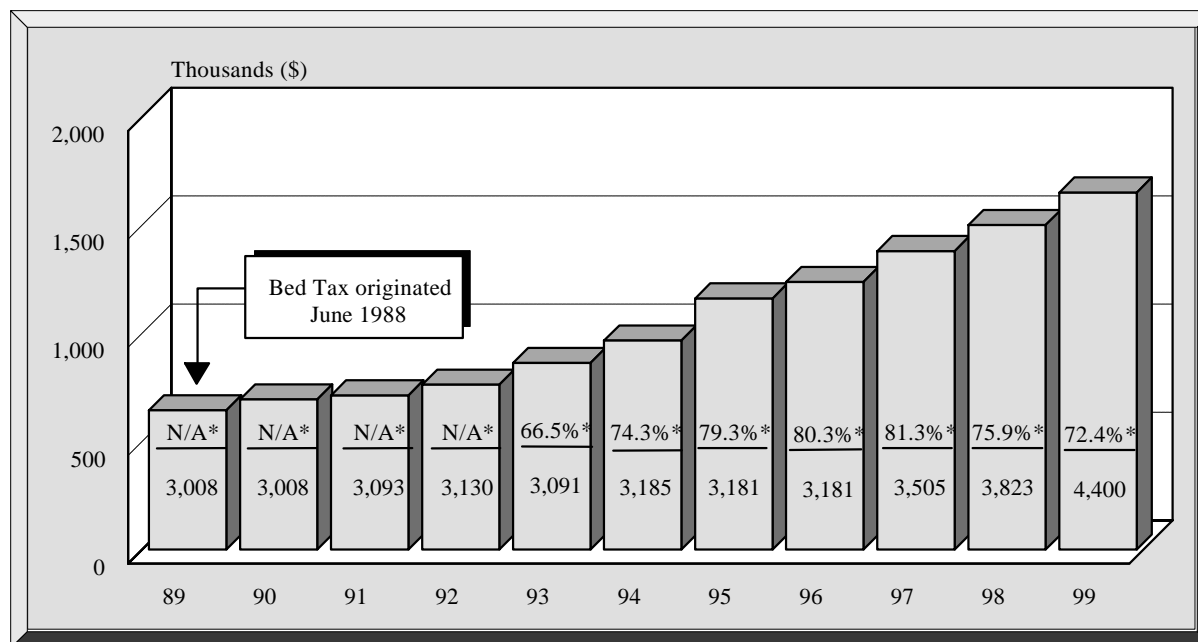
Restrictions	Fiscal Year	Amount	Percent Change
Fifty percent of the proceeds are pledged for the Tempe Convention and Visitors Bureau. Excess proceeds are for unrestricted General Fund usage.	1988-89	\$643,674	-
	1989-90	693,440	7.7
	1990-91	711,984	2.7
	1991-92	761,228	6.9
	1992-93	862,036	13.2
	1993-94	965,382	12.0
	1994-95	1,160,235	20.2
	1995-96	1,236,458	6.6
	1996-97	1,379,301	11.6
	1997-98 (Est.)	1,500,000	8.8
	1998-99 (Est.)	1,650,000	10.0

Account: 4002

Assumptions

The current transient lodging tax is 2%, which originated in June 1988 for businesses within the city charging for lodging for any period of not more than 30 consecutive days. Our projection for FY 1998-99 is for transient lodging revenues to grow at the historical rate.

Major Influences: Economy; Consumer Price Index



* Percent Occupied/Number of Rooms